

Article - Public Utilities

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§7–216.

(a) (1) In this section the following words have the meanings indicated.

(2) (i) “Energy storage device” means a resource capable of absorbing electrical energy, storing it for a period of time, and delivering the energy for use at a later time as needed, regardless of where the resource is located on the electric distribution system.

(ii) “Energy storage device” includes all types of electric storage technologies, regardless of their size, storage medium, or operational purpose.

(3) “Investor–owned electric company” means an electric company that is not a municipal electric utility or an electric cooperative.

(b) (1) The Commission shall establish an Energy Storage Pilot Program.

(2) The cumulative size of the pilot projects under the program shall be between 5 and 10 megawatts, with a minimum of 15 megawatt–hours.

(c) The Commission shall require each investor–owned electric company to solicit offers to develop energy storage projects for each of the following commercial and regulatory models:

(1) a “utility–only” model under which the electric company would own the project, control the project for grid reliability, and operate the project in wholesale markets or other applications when not providing grid services;

(2) a “utility and third–party” model under which the electric company would own the project and control the project for grid reliability, and a third party would operate the project in wholesale markets or other applications when the project is not providing grid services;

(3) a “third–party ownership” model under which the electric company would:

(i) contract with a project owned by a third party for grid reliability; and

(ii) allow the third party to operate the project in wholesale markets or other applications when the project is not providing grid services; and

(4) a “virtual power plant” model under which:

(i) the electric company would aggregate or use a third-party aggregator to receive grid services from distributed energy storage projects owned by customers or a third party; and

(ii) the projects would be used by the customers or third party for other applications when the projects are not providing grid services.

(d) (1) Each investor-owned electric company shall submit applications for Commission approval to deploy energy storage projects from at least two of the models described under subsection (c) of this section, one of which must be from a model described in subsection (c)(3) or (4) of this section.

(2) A proposed project must be able to meet reasonably the program’s timelines and data collection requirements.

(3) An investor-owned electric company shall give priority to projects that directly defer or replace an existing or anticipated distribution need.

(4) An investor-owned electric company may propose a project that does not directly defer or replace an existing or anticipated distribution need if the project includes grid benefits, ratepayer benefits, or otherwise helps meet the State’s policy goals.

(5) An investor-owned electric company shall describe in the company’s application whether a project demonstrates an opportunity to reduce system costs.

(e) An application under subsection (d) of this section shall include information concerning:

(1) best estimates of costs and savings for the project, including:

(i) estimated permitting and interconnection costs;

(ii) an approximation of the potential benefits, including cost savings;

(iii) an estimate of funds expected to be received from wholesale market transactions;

(iv) an estimate of the value of any distribution investment deferral or replacement due to the project, such as the present value of the costs avoided by installing the storage system;

(v) estimates of other societal benefits achieved by the project, such as incremental reliability and resiliency, greenhouse gas emission reductions, and learning benefits; and

(vi) the estimated impact of each project on the investor-owned electric company's rates for each class of customer;

(2) project location;

(3) project size in watts and duration in watt-hours;

(4) primary and secondary applications;

(5) the business model selected for the project under subsection (c) of this section;

(6) the project developer or engineering, procurement, and construction firm selected for the project;

(7) the type of energy storage technology;

(8) the process the investor-owned electric company used to solicit offers for the project, including feedback on models not selected and an explanation for why the chosen model was selected; and

(9) any other information required by the Commission.

(f) For purposes of the pilot program only, the Commission may determine how to address cost recovery for the models described under subsection (c)(3) and (4) of this section.

(g) For purposes of the pilot program only, the Commission may, on a project-by-project basis, allow:

(1) an investor-owned electric company to own or operate an energy storage device;

(2) an energy storage device owned or operated by an investor-owned electric company to participate in all available PJM wholesale revenue markets in order to realize benefits for investor-owned electric company customers;

(3) full and timely cost recovery by the investor-owned electric company, at the rate of return authorized by the Commission in the most recent base rate proceeding for the investor-owned electric company, taking into account any use of an asset that may not be included in base rates;

(4) an investor-owned electric company to coordinate the use of an energy storage device;

(5) an investor-owned electric company to use fully until the end of the device's useful life, an energy storage device owned or operated by the investor-owned electric company; and

(6) an investor-owned electric company to offer rebates or other incentives for energy storage devices behind or in front of the meter that can be configured to provide temporary backup power to a customer.

(h) (1) The pilot program shall begin on or before June 1, 2019.

(2) (i) On or before April 15, 2020, each investor-owned electric company shall solicit proposals and apply for Commission approval for the first energy storage project required under subsection (d)(1) of this section.

(ii) On or before September 15, 2020, each investor-owned electric company shall solicit proposals and apply for Commission approval for the second energy storage project required under subsection (d)(1) of this section.

(3) On or before April 15, 2021:

(i) the Commission shall determine which projects to approve;
and

(ii) each investor-owned electric company shall negotiate contracts to implement projects.

(4) (i) The Commission shall solicit comments from the Maryland Energy Administration, the Office of People's Counsel, and other stakeholders and hold a hearing on each application submitted under subsection (d) of this section.

(ii) The Commission shall approve, approve with modifications, or reject an application submitted under subsection (d) of this section after:

1. receiving comments from the Maryland Energy Administration, the Office of People's Counsel, and other stakeholders and holding a hearing;

2. considering the projected costs and benefits of the projects proposed for inclusion in the pilot program; and

3. determining whether the project is in the public and ratepayer interest.

(5) (i) If the Commission rejects an application, within 3 months after receiving notice of the rejection of an application, the investor-owned electric company shall submit an amended application for Commission approval.

(ii) The Commission shall approve, approve with modifications, or reject an amended application within 3 months after receipt of the amended application.

(6) (i) Except as provided in subparagraph (ii) of this paragraph, on or before February 28, 2022, all approved projects shall become operational.

(ii) The Commission may, for good cause shown, grant an extension from the deadline established in subparagraph (i) of this paragraph for unanticipated project development delays.

(iii) The Commission may establish additional interim deadlines.

(7) (i) On or before July 1 of 2023, 2024, and 2025, an investor-owned electric company shall submit to the Commission, the Maryland Energy Administration, and the Office of People's Counsel information or data concerning:

1. estimated project costs;
2. final project costs;
3. the number of days necessary to achieve project interconnection;
4. the total cost of project interconnection;

- permitting;
- date;
- hours;
- the project;
- and manufacturer;
- are configured;
5. the number of days necessary to achieve project
 6. the total cost of project permitting;
 7. the contractual or committed commercial operation
 8. the actual commercial operation date;
 9. the name and address of the project developer;
 10. the location and address of the project;
 11. the size of the energy storage project in watts;
 12. the duration of the energy storage project in watt–
 13. the type of energy storage technology;
 14. the identities of any project owners or lessors;
 15. any project financing methods;
 16. the identity of any entity that provides financing for
 17. the length of any project contract;
 18. any inverters used for the project, including the type
 19. any manufacturer warranty, including its duration;
 20. any developer warranty, including its duration;
 21. any technology with which the project is paired;
 22. how meters and inverters associated with the project
 23. any system integrator associated with the project;

24. project safety, including battery type and chemistry;
25. any energy management system associated with the project;
26. any energy storage power conversion system associated with the project;
27. the business model selected for the project under subsection (c) of this section;
28. the cost recovery mechanism for the project;
29. the rate of return applied to the project;
30. for a virtual power plant project under subsection (c)(4) of this section, the number and type of customers participating;
31. for a virtual power plant project under subsection (c)(4) of this section, the identity of the aggregator;
32. operational challenges related to multiple stakeholder or third-party use of the storage asset;
33. the types of revenue expected from the project, including any wholesale market revenues;
34. the types of revenue provided by the project, including any wholesale market revenues;
35. the distribution need the project addressed;
36. the amount of time the project is expected to defer the need for an alternative investment;
37. any value of optionality associated with the amount of time the project is expected to defer the need for an alternative investment;
38. the expected load projection before the project was installed;
39. enhanced grid reliability as a result of the project;

40. for a utility and third-party project under subsection (c)(2) of this section, the dollar value of the lease payments from the third party to the utility;

41. for a utility and third-party project under subsection (c)(2) of this section, the duration of the lease agreement between the third party and the utility;

42. any other identified benefits, including resiliency and social benefits;

43. expected and actual storage system cycling;

44. the project's success in switching between applications without challenges or problems;

45. occasions when the project was unable to serve an application;

46. any project delays and the causes for the delays;

47. any emissions reductions expected as a result of the project; and

48. any other information required by the Commission.

(ii) Subject to subparagraph (iv) of this paragraph, an investor-owned electric company shall make all data provided under subparagraph (i) of this paragraph that is not proprietary or confidential available to the public.

(iii) To the extent possible, any annualized data provided under subparagraph (i) of this paragraph shall be seasonally adjusted.

(iv) After receiving comments from all parties, the Commission shall determine:

1. which data related to the projects shall be made available only to the technical staff of the Commission and the Office of People's Counsel; and

2. which data related to the projects shall be made available to the public.

(i) On or before April 1, 2026, if an investor-owned electric company determines that additional time to gather data would provide additional opportunities for learning and justify continuing the pilot program, the Commission may extend the pilot program and delay by a corresponding amount of time the evaluation and report required under subsection (k) of this section.

(j) On or before July 1, 2024, in accordance with § 2-1257 of the State Government Article, the Commission shall submit an interim report to the General Assembly that provides an initial evaluation of the projects approved under this section based on:

- (1) project costs;
- (2) value streams;
- (3) any reduction in system costs;
- (4) any issues encountered in the early implementation phase; and
- (5) an analysis of any funds generated from the whole market.

(k) (1) Except as provided in subsection (i) of this section, on or before July 1, 2026, in consultation with the Maryland Energy Administration and the Office of People's Counsel, the Commission shall evaluate the projects approved under this section based on:

- (i) the overall cost of the project;
- (ii) whether the project was optimized through multiple applications;
- (iii) whether the project managed to capture different value streams;
- (iv) whether the project reduced system costs;
- (v) whether the project deferred or replaced entirely a traditional investment on the distribution system, and any value of such a deferral or replacement;
- (vi) an analysis of any funds generated from the wholesale market;
- (vii) other benefits provided as a result of the project;

(viii) issues that the project encountered in implementation; and

(ix) whether the project altered the quality or availability of electricity supply.

(2) On or before December 31, 2026, the Commission shall report, in accordance with § 2–1257 of the State Government Article, to the General Assembly on its findings under paragraph (1) of this subsection and its recommendations for the continued development of energy storage in the State.

(l) The pilot program may not preclude any other investment by a public service company in energy storage.

(m) (1) Unless the Commission extends the pilot program in accordance with subsection (i) of this section, the pilot program shall terminate on December 31, 2026.

(2) The termination of the pilot program may not affect the cost recovery by an investor–owned electric company for the lifetime of an energy storage project.

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